IN THE UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA SAN FRANCISCO DIVISION

ROBERT TRENT JONES II, INC. and ROBERT TRENT JONES LICENSING GROUP, LLC

Plaintiffs.

Case No. 07-CV-04913-SC

٧.

SUPPLEMENTAL DECLARATION OF ROBERT TRENT JONES, JR.

GFSI, INC. d/b/a GEAR FOR SPORTS, INC.

Defendant.

- I previously submitted a declaration dated November 27, 2007 in support of Plaintiffs'
 Motion for Preliminary Injunction and Memorandum of Points and Authorities. I have
 personal knowledge of the matters stated in this supplemental declaration. If called
 upon to do so, I am competent to testify to all matters set forth herein.
- 2. At the request of Robert Trent Jones Licensing Group, LLC ("RTJ Licensing"), a meeting between RTJ Licensing and GFSI, Inc. ("GFSI") occurred on June 4-5, 2007 in Lenexa, Kansas. RTJ Licensing called this meeting to facilitate the strategic development of the RTJ Apparel brand and deepen the relationship between RTJ Licensing and GFSI. I personally attended this meeting as a representative for RTJ Licensing. At no time before this meeting did Defendant state that it was selling RTJ Apparel to discount stores. Likewise, Defendant did not announce at this meeting that it would cease sales of RTJ Apparel to discount stores.
- 3. At the end of the June 4-5, 2007 meeting, GFSI "bombarded" RTJ Licensing with the fact that GFSI had not been as successful in developing the RTJ Apparel brand as GFSI had desired. Attached as Exhibit A is a copy of a June 6, 2007 email from Mr. Graveel confirming that GFSI's announcement was a "bombardment."
- 4. On June 8, 2007, I wrote a letter to Mr. Graveel stating RTJ Licensing's disappointment in GFSI's performance, and notified GFSI that it had failed to provide RTJ Licensing with

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Fm: Norvell IP To: RTDFSR NUMBERN (DAS4736227)

- a Marketing, Distribution, Financial and Quality Plan as required under the License Agreement. A copy of my June 8, 2007 letter is attached as Exhibit B.
- 5. In late June 2007, RTJ Licensing received GFSI's Marketing, Distribution, Financial and Quality Plan ("2007 GFSI Plan"), dated June 25, 2007. The plan is over 75 pages. The 2007 GFSI Plan provides a list of the top ten GFSI accounts for RTJ Apparel. The Marketing Plan states "Three of top ten accounts are accounts which are considered discounters." Attached as Exhibit C are pages 17 and 18 from the 2007 GFSI Plan. These three accounts are Stein Mart Incorporated, The Golf Warehouse LLC and Neiman Marcus Last Call. These three accounts are further labeled in the 2007 GFSI Plan as "Secondary Market Account[s]."
- 6. As detailed in my November 27, 2007 Declaration, throughout July 2007, RTJ Licensing had exchanges and/or meetings with Defendant or Defendant's counsel regarding Defendant's sale of RTJ Apparel to discount stores. (Jones Dec.¶¶ 21-26). Although Defendant claims that it ceased sales of RTJ Apparel to discount stores, Defendant never informed RTJ Licensing of such a decision.

I declare under penalty of perjury of the laws of the United States of America that the foregoing is true and correct. Executed this 11th day of January, 2008, in San Francisco, California.

Robert Trent Jones, Jr.

Robert Trent Jones J

Exhibit A

From: Larry Graveel < lgraveel@gearforsports.com>

Date: Wed, 6 Jun 2007 11:50:36 -0500

To: Taliaferro Jones <taliaferro@taliaferrojones.com>, Gudren Noonan

<gnoonan@rtj2.com>

Cc: Tim Conlin <tconlin@rtjapparel.com>

Subject: Thanks for coming

Dear Tali and Bob,

Thanks so much for visiting us on Monday and Tuesday, we really appreciate your partnership. I know we bombarded you with an enormous amount of information yesterday and you need some time to digest what we discussed. On behalf of all of us at RTJ Apparel I want to thank you for your support and understanding.

Best regards,

Larry

Exhibit B



June 8, 2007

Mr. Larry Graveel President GEAR For Sports 9700 Commerce Pkwy. Lenexa, KS 66219

Dear Larry,

We are still in the process of digesting the information that, as you appropriately state in your email, was "bombarded" upon us. However, we wanted to provide you with a prompt response of our viewpoint, as we believe that RTJ Apparel is at a critical juncture that requires quick action by Gear to get this business venture back on track.

Initially, we wish to clarify some matters. This meeting occurred at our request, not Gear's request. On March 21st, Tali sent Gear a memorandum, "The Aim [of which] is to help facilitate the strategic development of the RTJ Apparel brand and deepen the relationship between Robert Trent Jones and Gear For Sports." As it was our understanding that RTJ Apparel was doing well, the memorandum opened with the following statement:

The RTJ Apparel brand has done exceptionally well since its launch at the PGA show two years ago. We are on course to exceed the original estimates for net sales again this year and have just signed our first international distribution agreement with Japan.

In fact, we believed RTJ Apparel sales were in line with Gear's original RTJ Apparel business plan, submitted in July 2004 when Gear originally solicited this license.

We called this meeting to offer our support and encourage greater collaboration and interaction. Our goal was to open the lines of communication on the exciting future of RTJ Apparel. We also wanted to remind Gear of the unquestioned value and goodwill of the Robert Trent Jones brand, and offer our expertise in

the golf industry as needed. Accordingly, we looked forward to an interactive and productive meeting on the exciting future and opportunities for RTJ Apparel.

Now, we realize that we were kept in the dark on the performance of RTJ Apparel and Gear's true agenda, which, to our surprise, is to withdraw any remaining support for the brand. Before Tuesday, we had no knowledge of any concerns about RTJ Apparel by Gear for Sports. Indeed, until the latest royalty report, which we just received on May 23rd, we believed sales were in line with initial projections and increasing according to plan. Each quarter's sales had increased over the prior year's quarter. It was only in preparation for the meeting that we noticed that sales had dropped in the most recent quarter as compared to the same quarter in the prior year. This was particularly surprising, as this May 23rd Royalty Report was sent to us without any comment from Gear. Tim Conlin was copied on this email, but said nothing about this drop in sales. We had to do the homework ourselves to decipher that sales had dropped by over 40% from the same quarter in the prior year (as opposed to consistent increases we witnessed in all prior quarters). A loyal business colleague would immediately let their colleagues know about such a result and the impact that it could have. We trusted you to keep us informed of this business.

We are even more disappointed in the way the "bombardment" occurred. Monday morning, Tali emailed Tim Conlin to ask if he had any agenda for the meeting. Tim's response was that Gear did not have a "formal agenda". Nothing could be further from the truth. We later learned that Gear had a well-prepared, written agenda with voluminous supporting material. If there was no "formal agenda" Monday morning, when this was this agenda and comprehensive report prepared? We would like an answer to this question.

We then met with you Monday evening and Tuesday morning, and Gear remained silent on its hidden agenda. You gave us a tour of Gear for Sports' facilities, and even had us speak with Bea about the Spring 2008 RTJ Apparel line that is being prepared. We were getting excited about the future. It was only Tuesday afternoon, two hours before our scheduled departure, that Gear "dropped the bomb" that it feels RTJ Apparel should be discontinued. We are extremely disappointed in the unprofessional manner in which this was handled.

We have now had an opportunity to preliminarily review the information and data provided, and we do not draw the same conclusions. The Robert Trent Jones name and brand is strong in the golf industry and doing well. Moreover,

contrary to the statements you made, we believe it was the Robert Trent Jones name and mark that opened the door for initial sales to be above the projections contained in Gear's original 2004 business plan. We believe that the Robert Trent Jones name and mark transfers well to other products and services in the golf industry. We are not alone in this belief. Rolex believes the mark transfers well to watches. Rolex has been so pleased with our partnership that Rolex placed the Robert Trent Jones, Jr. advertisement on the cover of this year's Golf Digest 100 Greatest Golf Courses magazine insert. Titleist has also had success with the transfer of the Robert Trent Jones name and mark, having continued our relationship for many years.

That said, we are now informed that sales are not at the level Gear would like. However, contrary to what you said at our meeting, we believe it is Gear's actions that are causing this downturn in sales. First, we have not seen the support for RTJ Apparel that we expected. Gear is required under the license to provide us with a Marketing, Distribution, Financial and Quality Plan annually in connection with the line review. Although we received one report, well over a year ago, it failed to address all of the information required by the plan. How can Gear expect to grow and develop a business, when it does not even put together a comprehensive business plan for the future? Gear is required to provide us with a business plan that contains at least the following:

- Organization Chart Qualifications and responsibilities of leadership and other significant personnel connected with the RTJ Apparel account.
- Review of activity to date, including but not limited to, accomplishments to date, current Licensed Products, previous goals met (or not met), etc.
- Vision Where is the business going? What can we expect it to become?
- Mission What is the purpose?
- Five Year Goals What must be achieved? What are the benchmarks?
- Critical Issues Obstacles, constraints, concerns.

- Strategies How to achieve goals, critical success factors and overcome critical issues?
- Objectives- Measurable, specific targets for the period (not activities).
 (Product improvements, customer satisfaction, brand awareness & preference, sales coverage)
- Tactics Activities and programs planned to attain the objectives.
 (Surveys, products, distribution, catalogs & promotion, public relations, trade shows, sales initiatives, inventory, order handling & shipping methods).
- Distribution Outlets Description of current and future.
- End Users Description current and future.
- Balance Sheet Actual for last fiscal year and forecast for this fiscal year, all certified by the chief financial officer.
- Income Statement Actual for last fiscal year, forecast for this fiscal year all certified by the chief financial officer.
- Advertising and Promotional Expenditures Actual for last calendar year, forecast for this and next calendar year; all certified by the chief financial officer.
- Sales of Licensed Products by Territory Actual for last calendar year, forecast for this and next calendar year; all certified by the chief financial officer.
- A detailed report of Gear's plans for maintaining product and service quality, from design and manufacture to retail sale and post-sale support.

As you have failed to provide us with such a plan, we ask that you do so right away, and include a strategy to address this recent decrease in sales.

Second, we have not been impressed with the management of the brand. For example, we have repeatedly asked that Gear develop a stand-alone website dedicated to RTJ Apparel. This was never done. As another example, you

provided a copy of an email to Yogi dated June 4th inquiring about the status of the brand in Japan. Was this the first inquiry you have made? We would have expected regular contact, management and updates on this first international expansion so that future expansions will be a success. Gear's original business plan in 2004 sought a license for Southeast Asia. Why did Gear's plan change? Tell us our impression of Gear's management is wrong. Tell us how you are actively managing the brand for future sales and development.

Third, by adding additional competitive brands, and in particular, Under Armour Golf, Gear has diluted its resources and taken away from the distinctiveness of the RTJ Apparel brand. Having conflicted salesmen sell competitive products handicaps their ability and willingness to focus on the Robert Trent Jones brand. We saw this at the PGA show. You stated that our price point and clothing design is directly competitive to Fairway & Greene apparel (a generic name at best). And you stated that Fairway & Greene's sales did not fall off during the same period.

It is ironic that Under Armour's sales increases have an inverse relationship to the sales of RTJ Apparel. We also note from the materials you provided that PGA Magazine categorizes the Under Armour brand in the "Mens Apparel (>\$50 green fee)" category. Is this not inconsistent with the goals of RTJ Apparel? At a minimum, we expected to have Gear's advance notice of its intent to sign a deal with Under Armour Golf, not to mention the courtesy of a statement on steps Gear would take to ensure that the Under Armour license would not impact sales of RTJ Apparel.

In sum, we remind you that Gear sought us out. We agreed to form a ten year alliance with Gear because we trusted Gear to do the right thing for the Robert Trent Jones Brand. We had other opportunities, but we chose Gear. We chose Gear because we believed Gear is a company that is willing to stick to a commitment, and we hope that our belief is still correct. Accordingly, we ask that Gear continue with the development of the Spring 2008 line (with changes, of course, as you claim the current strategy is not working). We also ask that Gear take corrective actions to put this train back on the track.

Gear is required to make an investment of \$700,000 annually through April of 2009 in marketing, advertising and promotion of RTJ Apparel. We suggest that you put these dollars to work and develop a strategic plan that will generate a positive return on investment for all of us. As we discussed, Gear may want to engage a consultant to help with the numbers. Both you and Tim Conlin have

indicated that, if you were to do it over again, you would launch the RTJ Apparel differently. We therefore suggest that you view this recent downturn in sales as an opportunity, not a failure. Now is your opportunity to do things differently, and we look forward to Gear's commitment to this goal while simultaneously protecting the integrity of the Robert Trent Jones brand.

As mentioned in our meeting, I offer you my personal support, and will be pleased to contact Robert Trent Jones courses and ask for their support. If you provide me with a list of courses, we will be pleased to initiate contact. I will also be pleased to sit down with Gear's officers and/or directors to discuss this matter. I have experienced and overcome many similar business hurdles in the past, and I have may contacts and resources that might be of use to Gear in this difficult time.

Also, as we intend to proceed with a Spring 2008 line, we look forward to attending the early July sales meeting, and ask that you provide Tali and me with details. We look forward to seeing you then and sharing success in the future.

Sincerely,

Robert Trent Jones, Jr.

Robert Trent Jones, Jr.

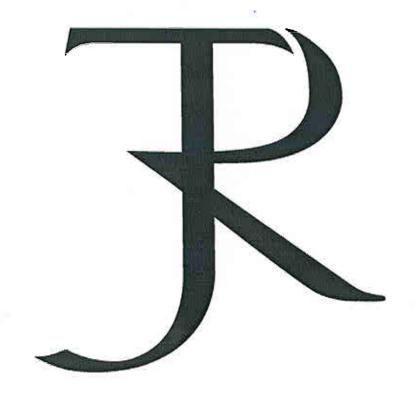
cc: Taliaferro Jones Tim Conlin

Via Electronic Mail - lgraveel@gearforsports.com (Confirmation Copy via Federal Express)

Exhibit C

Robert Trent Jones Licensing Marketing, Distribution, Financial and Quality Plan Outline

Submitted June 25, 2007







Below is a list of the top 10 accounts for RTJ Apparel sales in 2007. Three of top ten are accounts which are considered discounters. The top account is Steinmart a discount retailer.

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RTJ GOLF TOP 10 ACCOUNTS			li .
Sales through 6-12-07			
	FY 2007 YTD		
	Net Sales + Open	% To Total	
Customer Number + Name			
20563, STEIN MART INCORPORATED GF	100,515	6%	Secondary Market Account
22263, THE GOLF WAREHOUSE LLC	72,588		Secondary Market Account
2935, TOURNAMENT PLAYERS CLUB	65,602		-
22835, HAROLD STORES INC GO	58,199		[3]
21589, NEIMAN MARCUS GF	53,176		Secondary Market Account
6151, KEMPER SPORTS MANAGEMENT INCORPORATED	43,826		
1384, TROON GOLF MANAGEMENT	42,776	3%	0
3126, THE BOULDERS CLUB	31,527		
1628, KAPALUA LAND COMPANY LTD	27,688		
10364, SKIPPERS HOOK MARINA	23,977		1
TOP 10 SUB TOTAL	519,873	32%	

